

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

- - -

MBIA INSURANCE :
CORPORATION AND WELLS :
FARGO BANK, N.A. (f/k/a :
WELLS FARGO BANK :
MINNESOTA N.A.) AS :
TRUSTEE OF SFC GRANTOR :
TRUST, SERIES 2000-1, SFC :
GRANTOR TRUST, SERIES :
2000-2, SFC GRANTOR :
TRUST, SERIES 2000-3, SFC :
GRANTOR TRUST, SERIES :
2000-4, SFC GRANTOR :
TRUST, SERIES 2001-1, SFC :
GRANTOR TRUST, SERIES :
2001-2, SFC OWNER TRUST :
2001-I, AND SFC GRANTOR :
TRUST, SERIES 2001-3, :

Plaintiffs/Counterclaim:
Defendants, :

vs. :

ROYAL INDEMNITY COMPANY, :
Defendant/Counterclaim :C.A. NO.
Plaintiff. :02-1294-JJF

ROYAL INDEMNITY COMPANY, :
Third-Party Plaintiff, :

vs. :

ANDREW N. YAO, STUDENT :
LOAN SERVICING LLC, :
STUDENT LOAN ACCEPTANCE II :
LLC, STUDENT LOAN :
ACCEPTANCE III LLC, :
STUDENT LOAN ACCEPTANCE :
III LLC, STUDENT :
LOAN ACCEPTANCE V LLC, :
STUDENT LOAN ACCEPTANCE :
VIII LLC, STUDENT LOAN :
ACCEPTANCE IX LLC, SFC : TRACK(II)WITNESS:
FINANCIAL LLC I, SFC : MARK HARRIS
FINANCIAL LLC II, SFC :
FINANCIAL LLC VI, SFC : DATE:
FINANCIAL LLC VII, : NOVEMBER 9th, 2006

Third-Party Defendants.:

1 VIDEO OPERATOR: We're on the 09:24:36
2 record. This is a videotaped deposition for
3 the United States District Court for the
4 District of Delaware. My name is Robert
5 Higham. I'm the videotape operator. I'm 09:35:54
6 employed by Veritext New York. The court
7 reporter is David Walsh. The caption for
8 today's case is as follows: It's a multi
9 caption case, the first caption being MBIA
10 Insurance Corporation, et al, versus Royal 09:36:05
11 Indemnity Insurance Company. The case number
12 is 021294 (JJF). All other captions will be
13 reflected on the stenographic record.

14 This deposition is taking
15 place in Wilmington, Delaware. All counsel 09:36:21
16 will be reflected on the stenographic record.
17 The deponent for today is Steven Harris.
18 Today's date is November 9th, 2006. The
19 camera time is 9:00 -- I'm sorry, Mark
20 Harris. I apologize. The camera time is 09:36:38
21 9:36.

22 The reporter will now swear
23 in the witness.

24 - - -

25 MARK HARRIS, having been duly 09:36:44

1 sworn, was examined and testified as follows: 09:36:44

2 - - -

3 EXAMINATION

4 - - -

5 BY MS. BAUER: 09:36:53

6 Q. Good morning, Mr. Harris. My name is
7 Lisa Bauer. I'm with the Law Firm of
8 Proskauer Rose. Next to me is my colleague,
9 Greg Sieczkiewicz, and we represent MBIA and
10 Wells Fargo as trustee for various trusts. 09:37:05

11 A. Okay.

12 Q. Have you given a deposition before?

13 A. No.

14 Q. So you know, every answer that you give
15 has to be oral or the court reporter can't 09:37:16
16 take it down. So, there's a tendency to nod
17 or to say um-hmm or huh-huh. I'll remind you
18 to say yes or no so that it's clear on the
19 record.

20 Also, if you don't understand my 09:37:28
21 questions, you can ask me to rephrase it or
22 repeat it. You can ask the court reporter to
23 read a question back if you didn't hear or you
24 need to think about it again.

25 A. Okay. 09:37:37

1 A. I think the degree was conferred August 09:42:55
2 of 2005.

3 Q. Did you then immediately go into the
4 Masters program?

5 A. Probably two or three months after my 09:43:09
6 undergrad.

7 Q. How did you come to be hired by SFC?

8 A. Well, I was working with Concord EFS
9 prior to working with SFC and there was an ad
10 for at the time it was a Payment Processing 09:43:27
11 manager. When I interviewed, they redefined
12 the job as a Payment Processing supervisor.

13 Q. Who did you interview with?

14 A. I interviewed with Diane Messick, who
15 was then corporate controller, and Charlotte 09:43:41
16 Vickers, who was a manager for Collections.

17 Q. Okay. I just want to ask you about
18 Charlotte for a second.

19 A. Okay.

20 Q. Charlotte Vickers and Charlotte Harris 09:43:56
21 were both SFC employees?

22 A. Well, they both work for SFC Group. How
23 they were categorized, I'm not sure if they
24 were SLS or SFC or SMS, but we worked on the
25 same I guess umbrella of company. 09:44:11

1 Q. But they're two different people? 09:44:13

2 A. They are two different people.

3 Q. Are you related to Charlotte Harris?

4 A. No.

5 Q. Okay. What group is she in or was she 09:44:18
6 in?

7 A. She worked in credit.

8 Q. Okay. In credit, would that be the
9 granting of loans to students?

10 A. I would say they review the 09:44:31
11 applications. I'm not sure if she was
12 responsible for making a decision, but I know
13 her group was responsible for reviewing the
14 information that was sent in.

15 Q. How many interviews did you have at SFC 09:44:44
16 before they hired you?

17 A. One.

18 Q. Who did you report to at SFC?

19 A. Diane Messick.

20 Q. Anyone else? 09:44:59

21 A. After Diane left, there was a VP for
22 finance, Dave Zulauf. So, I reported to him
23 until we got furloughed in June of 2002.

24 Q. When you say "furloughed in June of
25 2002", that's when the company made 09:45:22

1 substantial layoffs? 09:45:24

2 A. That's correct.

3 Q. And you were laid off?

4 A. Furloughed.

5 Q. Okay. But you didn't leave for any 09:45:29
6 other reason?

7 A. No.

8 Q. Who reported to you in your position as
9 supervisor of Payment Processing?

10 A. There were five payment -- four to five 09:45:43
11 Payment Processing clerks who reported to me.
12 I had one team leader in that group as well.

13 Evette Tucker, Paulette, I'm not sure what her
14 last name was. I had a Natasha. I'm not sure
15 what her last name was either. And there was 09:46:07
16 one other lady. I'm not even sure. Lakia.

17 Q. Did you have temporary Payment
18 Processing employees at any time?

19 A. I had one for probably two months.

20 Q. Do you remember that person's name? 09:46:28

21 A. Julie something. I'm not sure.

22 Q. Can you tell me what your job duties
23 were as supervisor of Payment Processing?

24 A. Payment Processing was responsible for
25 applying all the payments that came in, 09:46:44

1 A. If auditors were requesting that 16:03:30
2 information, I'm sure the Accounting
3 Department could give them copies or give them
4 the physical vouchers to take a look.

5 Q. On what do you base that belief? 16:03:41

6 A. Because typically if there's an audit, I
7 mean the norm I think is to cooperate with the
8 audit.

9 Q. While you were at SFC, did you have any
10 dealings with the Law Firm of Pepper Hamilton? 16:04:19

11 A. No.

12 Q. Does that name ring a bell to you at
13 all, Pepper Hamilton?

14 A. I have heard it here. Probably the
15 first time, second time today. 16:04:29

16 Q. Have you heard of it prior to today?

17 A. No.

18 Q. Have you ever heard the name Rod Gagne
19 before today?

20 A. No. 16:04:39

21 Q. And is it fair to say that you had no
22 dealings with Rod Gagne while you were at SFC?

23 A. That's fair to say that.

24 Q. And is it fair to say you had no
25 dealings with any attorneys from Pepper 16:04:48